

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Leominster Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: September 26, 2016

This Commission is hereby furnishing you with approval of the funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY16 (since the amounts under the prior schedule were maintained in FY16 and FY17) and is acceptable under Chapter 32.

The schedule is based on an actuarial valuation using an extremely conservative investment return assumption of 5.5%, which the Board previously adopted. The valuation report indicates for funding purposes, a discount rate that is closer to the expected return on assets would be more reasonable. The report shows plan liabilities using both a 6.75% and a 7.50% discount rate.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



LEOMINSTER CONTRIBUTORY RETIREMENT SYSTEM

FUNDING SCHEDULE

Fiscal Year	Normal Cost	Unfunded Liability	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution*	% Change
2017	2,406,522	28,315,120	6,417,470	66,546	8,890,538	1.18%
2018	2,496,767	23,102,021	6,417,470	66,546	8,980,783	1.02%
2019	2,590,395	17,602,201	6,417,470	66,546	9,074,412	1.04%
2020	2,687,535	11,799,891	6,417,470	66,546	9,171,551	1.07%
2021	2,788,318	5,678,454	5,678,454	66,546	8,533,318	-6.96%
2022	2,892,880	-	-	66,546	2,959,426	-65.32%

Amortization of Unfunded Liability as of July 1, 2017

Year	Type	Original Amort. Amount	Percentage Increasing	Original # of Years	Current Amort. Amount	Years Remaining
2017	Fresh Start	N/A	N/A	5	N/A	5

Notes on Amortization of Unfunded Liability

Year is the year the amortization base was established. **Type** is the reason for the creation of the base. **Original Amortization Amount** is the annual amortization amount when the base was established. **Percentage Increasing** is the percentage that the Original Amortization Amount increases per year. **Original # of Years** is the number of years over which the base is being amortized. **Current Amortization Amount** is the amortization payment amount for this year. **Years Remaining** is the number of years left to amortize the base.

* Contribution for Fiscal 2017 is set equal to the planned Fiscal 2017 contribution from the prior year schedule. Future contributions incorporate increases in the normal cost.